

# *Township of Goodland*

**Lapeer County, Michigan**

Audited Financial Report  
June 30, 2004

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Goodland	County Lapeer
Audit Date June 30, 2004	Opinion Date 09/14/04	Date Accountant Report Submitted to State: 10/22/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

OCT 27 2004

LOCAL AUDIT & FINANCE DIV.

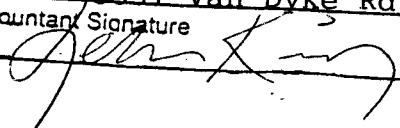
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Lehn L. King, CPA			
Street Address 3531 Van Dyke Rd		City Marlette	State MI
Accountant Signature 		ZIP 48453	

**Township of Goodland**  
Annual Financial Report  
For The Fiscal Year Ended June 30, 2004

**Table of Contents**

**Page  
Number**

<b>I. Independent Audit Report .....</b>	<b>1</b>
<b>II. Management's Discussion &amp; Analysis</b>	
<b>III. Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	2
Statement of Activities .....	3
Fund Financial Statements:	
Government Funds	
Balance Sheet .....	4
Reconciliation of Fund Balances to the Statement of Net Assets .....	5
Statement of Revenue, Expenditures, & Changes in Fund Balance .....	6
Reconciliation of the Statement of Revenue, Expenditures, & Changes In Fund Balances of Governmental Funds to the Statement of Activities .....	7
Fiduciary Funds	
Statement of Net Assets .....	8
Notes to Financial Statements .....	9-17
<b>IV. Required Supplemental Information .....</b>	<b>18</b>
Budgetary Comparison Schedule	
General Fund .....	19
Major Special Revenue Funds .....	20

Members of the Township Board  
**Goodland Township**  
Lapeer County, Michigan

**Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Goodland, Michigan as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Goodland, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Goodland, Michigan as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Goodland, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2003.

*Lehn King*

Lehn L. King  
Certified Public Accountant

September 14, 2004

# GOODLAND TOWNSHIP

2374 N. Van Dyke  
Imlay City, MI 48444  
(810) 724-0169  
Fax: (810) 721-0698  
goodlandtownship@glis.net

*Looking Forward Toward the Future*



## Township Board

SUPERVISOR: RONALD CISCHKE  
TREASURER: LOUIS PARSCH  
CLERK: ANNA MARIA CALIANNO  
TRUSTEES: NORM TANIS  
BARBARA SAK

[www.geocities.com/goodlandtownship/index.html](http://www.geocities.com/goodlandtownship/index.html)

### Management's Discussion And Analysis Letter

My discussion and analysis for the Township of Goodland, Lapeer County, Michigan provides an overview of the Township's financial activities for the fiscal year ending June 30, 2004. Please use this letter in conjunction with the Township's audit report.

#### Financial Highlights

With state shared revenues being reduced, it is of utmost importance to budget accordingly and spend wisely to work within the adopted budget. I think we have accomplished our goals.

We have built a new township hall, bought a new fire truck and added on to our existing fire hall. Also, we relocated the old township hall for a library.

The Fire Department was successful in obtaining a \$48,000 grant with a ten percent match for equipment. It also has a grant request for a new tanker.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB Statement 34 implemented a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

#### The Township as a Whole

With the new construction activity, we appointed a Building Authority Board, which is responsible for the payments of the hall. The Township Board still has the responsibility to make the necessary payments on the truck and fire hall. Our net assets were \$373,378 at the end of the fiscal year, up approximately \$55,000 from the year before.

#### Our Township Governmental Activities

Our largest expenditure, aside from the Fire Department, is roads. The Township spent \$64,615 on roads and bridges last year. We always try to budget between \$60,000 and \$80,000 per year to be spent on roads, depending on the revenue. Payment schedules of the long-term debt are in the notes to the financial statements part of the report and the discussion always comes up as to how we can pay those off early.

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Our Township residents passed a \$30 per improved parcel assessment for ambulance service. This will be levied on the 2004 roll.

We held our special assessment for the Fire Department at \$105 improved, \$50 for vacant and \$15 for forest reserve for the upcoming year.

### **Economic Factors and Next Year's Budget and Rates**

The Goodland Township budget for next year calls for a minimal increase of 2.3 percent on property tax rates, based on the rate of inflation. Because of the impact of Proposal A, the Township needs to continue to monitor its budget very closely. The state-wide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than inflation, before considering new property additions. State revenue-sharing payments were decreased again this past year and could possibly decrease even more due to state cutbacks and less sales tax receipts at the state level. These factors, together with recent decreases from historical norms in other revenues, including interest on investments, continue to have a major impact on the Township's ability to balance its budget.

Looking to the future, we know revenues from the state will be cut. There is a ballot proposal on the November 2, 2004 election to override the Headley Amendment. If it passes, we will receive approximately \$20,000 more in revenue. In addition to this, we are looking for grant money to establish a park for the township.

### **Contacting the Township**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the monies it receives. If you have any questions about this report or need additional information, contact the Township office at 2374 N. Van Dyke, Imlay City, Michigan or telephone at (810)-724-0169.

Ron Cischke  
Goodland Township Supervisor

# Township of Goodland

## Statement of Net Assets (Deficit)

June 30, 2004

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash & Cash Equivalents	\$ 102,263
Due From Other Funds	10,880
Capital Assets (Net of Accumulated Depreciation)	<u>482,711</u>
Total Assets	595,854
<u>Liabilities</u>	
Accounts Payable	\$ 19,703
Accrued Payroll Taxes	2,124
Accrued Interest Payable	2,531
Current Portion of Long-Term Debt	29,874
Long-Term Debt	<u>168,243</u>
<u>Total Liabilities</u>	<u>222,475</u>
<u>Net Assets (Deficit)</u>	
Invested in Capital Assets - Net of Related Debt	284,594
Restricted for Disaster Relief	75
Unrestricted	<u>88,710</u>
<u>Total Net Assets (Deficit)</u>	<u>\$ 373,379</u>

The notes are an integral part of the statements.

# Township of Goodland

Statement of Activities

For the Year Ended June 30, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government	
				Governmental Activities	
Primary Government:					
Governmental Activities:					
General Government	\$ 183,653	\$ 14,326	\$ 0	\$ (169,327)	
Public Safety	104,876	7,551	0	(43,055)	
Public Works	64,615	0	0	(64,615)	
Total Governmental Activities	\$ 353,144	\$ 21,877	\$ 0	(276,997)	
General Revenues:					
Property Taxes				\$ 178,875	
State Shared Revenues				120,247	
Interest				1,671	
Other Revenues				32,747	
Transfers				(2,278)	
Total General Revenues, Special Items & Transfers				331,262	
Change in Net Assets				54,265	
Net Assets (Deficit) - Beginning of Year				319,114	
Net Assets (Deficit) - End of Year				\$ 373,379	

The notes are an integral part of the statements.



# Township of Goodland

Governmental Funds

Balance Sheet

June 30, 2004

	General Fund	Major Special Revenue Fund Fire Fund	Totals (Memorandum Only)
<b><u>Assets</u></b>			
Cash & Certificates of Deposit	\$ 68,531	\$ 33,732	\$ 102,263
Due From Other Funds	2,783	8,097	10,880
<b><u>Total Assets</u></b>	<b><u>\$ 71,314</u></b>	<b><u>\$ 41,829</u></b>	<b><u>\$ 113,143</u></b>
<b><u>Liabilities &amp; Fund Equity</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 19,703	\$ 0	\$ 19,703
Accrued Payroll Taxes	2,124	0	2,124
<b><u>Total Liabilities</u></b>	<b><u>21,827</u></b>	<b><u>0</u></b>	<b><u>21,827</u></b>
<b><u>Fund Equity</u></b>			
Fund Balances			
- Designated for Disaster Relief	75	0	75
- Unreserved & Undesignated	49,412	41,829	91,241
<b><u>Total Fund Balances</u></b>	<b><u>49,487</u></b>	<b><u>41,829</u></b>	<b><u>91,316</u></b>
<b><u>Total Liabilities &amp; Fund Equity</u></b>	<b><u>\$ 71,314</u></b>	<b><u>\$ 41,829</u></b>	<b><u>\$ 113,143</u></b>

The notes are an integral part of the statements.

**Township of Goodland**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended June 30, 2004

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 91,316</b>
Amounts reported for Governmental Activities in the Statement of Net Assets (Deficit) are different because:	
Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	482,711
Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	(198,117)
Accrued Interest Payable is not reported in the Funds	<u>(2,531)</u>
<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 373,379</u></u></b>

The notes are an integral part of the statements.

**Township of Goodland**  
Governmental Funds  
Statement of Revenues, Expenditures, And Changes  
in Fund Balances  
For The Year Ended June 30, 2004

		<b>Major Special</b>	
	<b>General</b>	<b>Revenue Fund</b>	<b>Totals</b>
<b><u>Revenues</u></b>	<b>Fund</b>	<b>Fire</b>	<b>(Memorandum</b>
		<b>Fund</b>	<b>Only)</b>
Property Taxes	\$ 87,897	\$ 90,978	\$ 178,875
State Shared Revenue	120,247	0	120,247
Charges for Services	3,700	7,551	11,251
Licenses, Fees & Permits	10,626	0	10,626
Interest Earnings	1,010	661	1,671
Grant Proceeds	0	54,270	54,270
Library Lease	18,403	0	18,403
Other Revenues	14,193	151	14,344
<b><u>Total Revenues</u></b>	<b><u>256,076</u></b>	<b><u>153,611</u></b>	<b><u>409,687</u></b>
<b><u>Expenditures</u></b>			
General Government	172,474	0	172,474
Public Safety	20,786	48,548	69,334
Publics Works	64,615	0	64,615
Cemetery	7,707	0	7,707
Capital Outlay	0	59,667	59,667
Debt Service - Principal	0	29,395	29,395
Debt Service - Interest	0	9,968	9,968
<b><u>Total Expenditures</u></b>	<b><u>265,582</u></b>	<b><u>147,578</u></b>	<b><u>413,160</u></b>
<b>Excess of Revenues Over</b>			
<b>(Under) Expenditures</b>	(9,506)	6,033	(3,473)
<b><u>Other Financing Sources (Uses)</u></b>			
Operating Transfers In (Out)	(2,278)	0	(2,278)
<b>Net Change in Fund Balances</b>	(11,784)	6,033	(5,751)
<b><u>Fund Balances - July 1, 2003</u></b>	<b><u>61,271</u></b>	<b><u>35,796</u></b>	<b><u>97,067</u></b>
<b><u>Fund Balances - June 30, 2004</u></b>	<b><u>\$ 49,487</u></b>	<b><u>\$ 41,829</u></b>	<b><u>\$ 91,316</u></b>

The notes are an integral part of the statements.

**Township of Goodland**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended June 30, 2004

**Net Change in Fund Balances - Total Governmental Funds** \$ (5,751)

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;  
in the Statement of Activities, these costs are capitalized and  
allocated over their estimated useful lives as Depreciation 59,667

Repayment of Bond Principal is and Expenditure in the Governmental  
Funds, but not in the Statement of Activities (where it  
reduces Long-Term Debt) 29,395

Interest Expense is reported in the Statement of Activities  
when a Liability is incurred; they are reported in the  
Governmental Funds only when payment is due (2,531)

Depreciation is an Expenditures for the Statement of  
Activities, but is not reported in the Governmental Funds (26,515)

**Net Assets of Governmental Activities** \$ 54,265

The notes are an integral part of the statements.

# Township of Goodland

## Statement of Net Assets (Deficit)

### Fiduciary Funds

June 30, 2004

	Fiduciary Fund Types		
	Agency Funds		
	Trust And Agency	Current Tax Collection Fund	Totals June 30, 2004
<u>Assets</u>			
Cash - Savings & Certificates	\$ 10,062	\$ 16,832	\$ 26,894
<u>Total Assets</u>	<u>\$ 10,062</u>	<u>\$ 16,832</u>	<u>\$ 26,894</u>
<u>Liabilities &amp; Fund Balance</u>			
<u>Liabilities</u>			
Due To General Fund	\$ 0	\$ 2,783	\$ 2,783
Due To Fire Fund	0	8,097	8,097
Due To Others	10,062	5,952	16,014
<u>Total Liabilities</u>	<u>10,062</u>	<u>16,832</u>	<u>26,894</u>
<u>Fund Balances</u>			
<u>Total Fund Balances</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Liabilities &amp; Fund Balances</u>	<u>\$ 10,062</u>	<u>\$ 16,832</u>	<u>\$ 26,894</u>

The notes are an integral part of the statements.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2004

The accounting methods and procedures adopted by the Township of Goodland, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township of Goodland was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Goodland (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Component Units** - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

**Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fire Fund** - The fund provides for the public safety service of fire rescue. Funding is provided primarily from a fire assessment on the tax roll and charges for fire runs.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2004

**Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due to and Due from Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	5 to 20 years

# Township of Goodland

Notes to the Financial Statements  
For The Year Ended June 30, 2004

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## Accounting Changes

**GASB Statement No. 34** - Effective July 1, 2003, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

## 2. Stewardship, Compliance, and Accountability

### Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Prior to July 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.



## Township of Goodland

Notes to the Financial Statements  
For The Year Ended June 30, 2004

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior July 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level.
5. Budget amounts are as originally adopted, and as amended by the Township Board.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budget was adopted to the department level. Budgets for these funds are shown in the supplemental schedules to this statement.

During the year ended June 30, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
Township Board	\$ 44,894	\$ 51,334	\$ 6,440
Clerk	23,268	23,411	143
Buildings & Grounds	13,275	14,514	1,239
Cemetery	7,500	7,707	207
Public Works	60,000	64,615	4,615
Transfers Out (Building Authority)	0	2,278	2,278
<b>Fire Fund</b>			
Salaries, Wages, & Payroll Taxes	\$ 8,612	\$ 10,306	\$ 1,694
Capital Outlay	7,500	59,667	52,167

### 3. Cash and Investments

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the Local Unit's cash deposits are as follows:

	<u>Carrying Amount</u>
Bank Deposits (Checking, Savings, CD's)	\$ 129,157
Total Deposits	<u>\$ 129,157</u>

The Township's deposits are in accordance with statutory authority. As of June 30, 2004 the balance sheet carrying amount of cash deposits was \$129,157. The bank balance as of June 30, 2004 was \$129,157, of which \$129,157 was covered by FDIC insurance.

All cash deposits and investments of the Township are held by the Township in the Township's name.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2004

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

Investment Type	(1)	(2)	(3)	Carrying Amount	Market Value
Risk Categorized		NONE			
Operating Funds					
US Treasury Bonds					
Investment in Deferred Compensation Plans					
Total Risk-Categorized Investments					

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

#### 4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are not recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available. Property taxes are recorded as revenue when collected.

The Township levied the following taxes:

General Government Services 1.4915 mills

Township Fire Protection: Special Assessment per parcel

\$105 Improved Parcels  
\$50 Vacant Parcels  
\$15 Forest Reserve

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2004

**5. Due To/From Other Funds**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 2,783	Tax Fund	\$ 2,783
Fire Fund	<u>8,097</u>	Tax Fund	<u>8,097</u>
Total	<u>\$ 10,880</u>		<u>\$ 10,880</u>

Interfund receivable and payable are not eliminated for financial presentation.

**6. Capital Assets**

Capital assets activity of the Township's governmental activities was as follows:

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Disposals &amp; Adjustments</u>	<u>Balance June 30, 2004</u>
Governmental Activities:				
Capital Assets Not Being Depreciated	\$ 19,065	\$ 0	\$ 0	\$ 19,065
Capital Assets Being Depreciated:				
Township Hall	\$ 51,762	\$ 0	\$ 0	\$ 51,762
Fire Hall	306,793	0	0	306,793
Fire Equipment	217,138	59,667	0	276,805
Office Equipment	<u>28,468</u>	<u>0</u>	<u>0</u>	<u>28,468</u>
Subtotal	604,161	59,667	0	663,828
Accumulated Depreciation:				
Fire Department	149,203	23,043	0	172,246
General Government	<u>24,464</u>	<u>3,472</u>	<u>0</u>	<u>27,936</u>
Subtotal	173,667	26,515	0	200,182
Net Capital Assets	<u>\$ 449,559</u>	<u>\$ 33,152</u>	<u>\$ 0</u>	<u>\$ 482,711</u>

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2004

Depreciation expense was charged to programs of the primary government as follows:

**Governmental Activities:**

General Government	\$ 3,472
Public Safety	23,043
Total Governmental Activities	<u>\$ 26,515</u>

**7. Long-Term Debt**

The general long-term debt of the Township, and the changes therein, are summarized as follows:

General Long-Term Debt Account Group

<u>Primary Government</u>	<u>Balance July 1, 2003</u>	<u>Addition</u>	<u>Reductions</u>	<u>Balance June 30, 2004</u>
Township emergency One C044 Pumper, 5.19 percent Installment Contract Payable for purchase of Township Fire Equipment	\$ 97,686	\$ 0	\$ 14,293	\$ 83,393
Township Fire Hall Addition 3.75 percent Installment Contract Payable for purchase of Township Fire Hall Addition	<u>129,826</u>	<u>0</u>	<u>15,102</u>	<u>114,724</u>
<b>Total Long-Term Debt</b>	<u>\$ 227,512</u>	<u>\$ 0</u>	<u>\$ 29,395</u>	<u>\$ 198,117</u>

Contract payable note payable at June 30, 2004 is comprised of the following issues:

General Obligation:

\$148,146 Installment Contract Payable – Goodland Township Fire Equipment  
due in annual installments of \$19,363 including interest at 5.19% through 2009. \$83,393

	<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Annual Payment</u>	<u>Remaining Balance</u>
June 30,	2004	\$ 5,070	\$ 14,293	\$ 19,363	\$ 83,393
	2005	4,328	15,035	19,363	68,358
	2006	3,548	15,815	19,363	52,543
	2007	2,727	16,636	19,363	35,907
	2008	1,864	17,499	19,363	18,408
	2009	<u>955</u>	<u>18,408</u>	<u>19,363</u>	<u>0</u>
<b>Total</b>		<u>\$ 18,492</u>	<u>\$ 97,686</u>	<u>\$ 116,178</u>	

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2004

**7. Long-Term Debt - Continued**

\$161,575 Installment Contract Payable – Goodland Township Fire Hall Addition  
due in annual installments of \$19,201 including interest at 3.75% through 2011.

\$115,523

	<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Annual Payment</u>	<u>Remaining Balance</u>
June 30,	2004	\$ 4,898	\$ 15,102	\$ 20,000	\$ 114,724
	2005	4,362	14,839	19,201	99,885
	2006	3,806	15,396	19,202	84,489
	2007	3,228	15,973	19,201	68,516
	2008	2,629	16,572	19,201	51,944
	2009	2,008	17,194	19,202	34,750
	2010	1,363	17,839	19,202	16,911
	2011	694	16,911	17,605	0
<b>Total</b>		<u>\$ 22,988</u>	<u>\$ 129,826</u>	<u>\$ 152,814</u>	

**8. Pension Plan**

The Township Pension Plan is funded through Manufacturer's Life initially effective August 1, 1969. This pension is a defined contribution plan funded by the Township. It is available to all full-time employees and is vested 100% upon participation. For the year ended June 30, 2004 the cost to the Township was \$6,728.95.

**9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**10. Comparative Data**

Comparative total data for the prior year has not been presented.

**11. Post Employment Benefits**

The Township does not provide any post employment benefits other than pension benefits through Manulife Financial.

**12. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

**Township of Goodland**  
Notes to the Financial Statements  
For The Year Ended June 30, 2004

**13. Interfund Transfers**

During the year ended June 30, 2004, the Township's interfund transfers were as follows:

	<b>Operating Transfers In</b>		<b>Operating Transfers Out</b>
Building Authority	<u>\$ 2,278</u>	General Fund	<u>\$ 2,278</u>
Total	<u><u>\$ 2,278</u></u>		<u><u>\$ 2,278</u></u>

**Required Supplemental Information**

**Township of Goodland**  
 Budgetary Comparison Schedule - General Fund  
 For The Year Ended June 30, 2004

	General Fund			Variance with
	Original	Amended		Amended
	Budget	Budget	Actual	Budget
<b><u>Revenues</u></b>				
Property Taxes	\$ 75,464	\$ 75,464	\$ 75,362	\$ (102)
Collection Fees	10,755	10,755	12,535	1,780
Licenses, Fees & Permits	14,740	14,740	10,626	(4,114)
State Shared Revenue	128,459	128,459	120,247	(8,212)
Interest Earnings	1,200	1,200	1,010	(190)
Cemetery Income	4,400	4,400	3,700	(700)
Library Lease	15,000	15,000	18,403	3,403
Miscellaneous	5,600	5,600	14,193	8,593
<u>Total Revenues</u>	<u>255,618</u>	<u>255,618</u>	<u>256,076</u>	<u>458</u>
<b><u>Expenditures</u></b>				
<b>Legislative</b>				
Township Board	35,094	44,894	51,334	(6,440)
<b>General Government</b>				
Supervisor	9,297	9,297	9,006	291
Elections	1,934	1,934	474	1,460
Assessor	21,507	20,007	10,134	9,873
Clerk	23,268	23,268	23,411	(143)
Board of Review	1,777	1,827	1,811	16
Treasurer	24,600	24,600	21,956	2,644
Building & Grounds	14,775	13,275	14,514	(1,239)
Township Hall Rent	35,000	35,000	31,593	3,407
<u>Total General Government</u>	<u>167,252</u>	<u>174,102</u>	<u>164,233</u>	<u>9,869</u>
Cemetery	7,500	7,500	7,707	(207)
Insurance	1,000	1,525	1,512	13
Public Works	60,000	60,000	64,615	(4,615)
Public Safety	27,365	26,840	20,786	6,054
Retirement	7,750	7,750	6,729	1,021
Capital Outlay	5,000	0	0	0
<u>Total Expenditures</u>	<u>275,867</u>	<u>277,717</u>	<u>265,582</u>	<u>12,135</u>
<b>Excess of Revenues Over</b>				
<b>(Under) Expenditures</b>	<b>(20,249)</b>	<b>(22,099)</b>	<b>(9,506)</b>	<b>12,593</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In (Out)	0	0	(2,278)	(2,278)
<b>Excess of Revenues &amp; Operating Transfers In Over</b>				
<b>(Under) Expenditures &amp; Operating Transfers Out</b>	<b>(20,249)</b>	<b>(22,099)</b>	<b>(11,784)</b>	<b>10,315</b>
<b><u>Fund Balance - July 1, 2003</u></b>	<b><u>22,600</u></b>	<b><u>22,600</u></b>	<b><u>61,271</u></b>	<b><u>38,671</u></b>
<b><u>Fund Balance - June 30, 2004</u></b>	<b><u>\$ 2,351</u></b>	<b><u>\$ 501</u></b>	<b><u>\$ 49,487</u></b>	<b><u>\$ 48,986</u></b>



**Township of Goodland**  
 Budgetary Comparison Schedule - Fire Fund  
 For The Year Ended June 30, 2004

	Fire Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b><u>Revenues</u></b>				
Fire Assessments	\$ 90,095	\$ 90,095	\$ 90,978	\$ 883
Charges for Service	4,700	4,700	7,551	2,851
Grant Proceeds	0	0	54,270	54,270
Interest	250	250	661	411
Other Revenues	0	0	151	151
<b><u>Total Revenues</u></b>	<u>95,045</u>	<u>95,045</u>	<u>153,611</u>	<u>58,566</u>
<b><u>Expenditures</u></b>				
Salaries, Wages & Payroll Taxes	8,612	8,612	10,306	(1,694)
Building Maintenance & Administration	28,858	38,858	31,718	7,140
Operating Expenses	18,700	8,700	6,524	2,176
Capital Outlay	7,500	7,500	59,667	(52,167)
Debt Service - Principal	29,395	29,395	29,395	0
Debt Service - Interest	9,968	9,968	9,968	0
<b><u>Total Expenditures</u></b>	<u>103,033</u>	<u>103,033</u>	<u>147,578</u>	<u>(44,545)</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>(7,988)</u>	<u>(7,988)</u>	<u>6,033</u>	<u>14,021</u>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<u>(7,988)</u>	<u>(7,988)</u>	<u>6,033</u>	<u>14,021</u>
<b><u>Fund Balances - July 1, 2003</u></b>	<u>8,000</u>	<u>12,100</u>	<u>35,796</u>	<u>23,696</u>
<b><u>Fund Balances - June 30, 2004</u></b>	<u>\$ (7,976)</u>	<u>\$ (3,876)</u>	<u>\$ 41,829</u>	<u>\$ 37,717</u>

Lehn L. King

Certified Public Accountant

3531 S. Van Dyke Rd  
Marlette, Michigan 48453

Phone 989-635-3113  
Fax 989-635-5580

September 14, 2004

Members of the Township Board  
**Goodland Township**  
Lapeer County, Michigan

Board Members:

In accordance with your request, I have made an examination of the financial statements of Goodland Township for the fiscal year ended June 30, 2004. During the course of my examination, no significant items came to my attention.

I thank the Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant